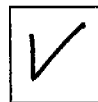


ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY



RECEIVED

W-02096A
Verde Lee Water Company
P. O. Box 984
Clifton AZ 85533

MAR 30 2005
AZ Corporation Commission
Director Of Utilities

ANNUAL REPORT

FOR YEAR ENDING

12	31	2004
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FOR COMMISSION USE

ANN04	04
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COMPANY INFORMATION

Company Name (Business Name) Verde Lee Water Co., Inc.		
Mailing Address P.O. Box 984 (Street)		
Clifton (City)	AZ (State)	85533 (Zip)
(928) 865-4912	(928) 428-0802	N/A
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address N/A		
Local Office Mailing Address P.O. Box 984 (Street)		
Clifton (City)	AZ (State)	85533 (Zip)
(928) 865-4912	(928) 428-0802	N/A
Local Office Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address N/A		

MANAGEMENT INFORMATION

Management Contact: Forrest G. Wilkerson (Name)			President/Gen. Manager (Title)
727 W. Relation St. (Street)	Safford (City)	AZ (State)	85546 (Zip)
(928) 865-4912	(928) 428-0802	N/A	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address N/A			
On Site Manager: Forrest G. Wilkerson (Name)			
727 W. Relation St. (Street)	Safford (City)	AZ (State)	85546 (Zip)
(928) 428-3190	(928) 428-0802	N/A	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address N/A			

(Name)

727 W. Relation St.

Safford

AZ

85546

(Street)

(City)

(State)

(Zip)

(928) 428-3190

(928) 428-0802

N/A

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Attorney: Irval L. Mortensen

(Name)

702 S. 8th Ave.

Safford

AZ

85546

(Street)

(City)

(State)

(Zip)

(928) 428-2700

N/A

N/A

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☒ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☐ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☐ Association/Co op (A)

☐ Receivership (R)

☐ Limited Liability Company

☐ Other (Describe) _____

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ APACHE

☐ COCHISE

☐ COCONINO

☐ GILA

☐ GRAHAM

☒ GREENLEE

☐ LA PAZ

☐ MARICOPA

☐ MOHAVE

☐ NAVAJO

☐ PIMA

☐ PINAL

☐ SANTA CRUZ

☐ YAVAPAI

☐ YUMA

☐ STATEWIDE

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	-	-	-
302	Franchises	-	-	-
303	Land and Land Rights	174,003	10,840	163,163
304	Structures and Improvements		-	-
307	Wells and Springs	44,748	35,855	8,893
311	Pumping Equipment	97,871	63,083	34,788
320	Water Treatment Equipment	-	-	-
330	Distribution Reservoirs and Standpipes	182,711	146,889	35,822
331	Transmission and Distribution Mains	241,072	210,933	30,139
333	Services	-	-	-
334	Meters and Meter Installation	15,590	14,988	602
335	Hydrants	-	-	-
336	Backflow Prevention Devices	-	-	-
339	Other Plant and Misc. Equipment	116,830	88,808	28,022
340	Office Furniture and Equipment	431	431	-
341	Transportation Equipment	2,436	2,436	-
343	Tools, Shop and Garage Equipment	2,303	1,882	421
344	Laboratory Equipment	-		-
345	Power Operated Equipment	-	-	-
346	Communication Equipment	-	-	-
347	Miscellaneous Equipment	-	-	-
348	Other Tangible Plant	-	-	-
	TOTALS	877,995	576,145	301,850

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Percentage Depreciation (2)	Depreciation Expense (1x2)
301	Organization	-		-
302	Franchises	-		-
303	Land and Land Rights	174,003		
304	Structures and Improvements	-		-
307	Wells and Springs	44,748	2.43%	1,087
311	Pumping Equipment	97,871	7.36%	7,203
320	Water Treatment Equipment	-		-
330	Distribution Reservoirs and Standpipes	182,711	2.18%	3,991
331	Transmission and Distribution Mains	241,072	1.55%	3,725
333	Services	-		-
334	Meters and Meter Installation	15,590	0.68%	106
335	Hydrants	-		-
336	Backflow Prevention Devices	-		-
339	Other Plant and Misc. Equipment	116,830	1.78%	2,079
340	Office Furniture and Equipment	431		-
341	Transportation Equipment	2,436		-
343	Tools, Shop and Garage Equipment	2,303	7.29%	168
344	Laboratory Equipment	-		-
345	Power Operated Equipment	-		-
346	Communication Equipment	-		-
347	Miscellaneous Equipment	-		-
348	Other Tangible Plant	-		-
	TOTALS	877,995	2.09%	18,360

BALANCE SHEET

ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
CURRENT AND ACCRUED ASSETS		
Cash	\$ 70,594	\$ 48,272
Working Funds	-	-
Temporary Cash Investments	-	-
Customer Accounts Receivable	6,435	6,563
Notes/Receivables from Associated Companies	-	-
Plant Material and Supplies	-	-
Prepayments		1,261
Miscellaneous Current and Accrued Assets	-	-
TOTAL CURRENT AND ACCRUED ASSETS	\$ 77,029	\$ 56,096
FIXED ASSETS		
Utility Plant in Service	\$ 839,195	\$ 877,995
Property Held for Future Use	-	-
Construction Work in Progress	-	-
Accumulated Depreciation - Utility Plant	(557,786)	(576,146)
Non-Utility Property	-	-
Accumulated Depreciation - Non Utility	-	-
TOTAL FIXED ASSETS	\$ 281,409	\$ 301,849
TOTAL ASSETS	\$ 358,438	\$ 357,945

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$ 466	\$ -
232	Notes Payable (Current Portion)	-	-
234	Notes/Accounts Payable to Associated Companies	-	-
235	Customer Deposits	-	-
236	Accrued Taxes	1,481	80
237	Accrued Interest	-	-
241	Miscellaneous Current and Accrued Liabilities	716	1,097
	TOTAL CURRENT LIABILITIES	\$ 2,663	\$ 1,177
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ -	\$ -
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$ -	\$ -
252	Advances in Aid of Construction	-	-
255	Accumulated Deferred Investment Tax Credits	-	-
271	Contributions in Aid of Construction	-	-
272	Less: Amortization of Contributions	-	-
281	Accumulated Deferred Income Tax	-	-
	TOTAL DEFERRED CREDITS	\$ -	\$ -
	TOTAL LIABILITIES	\$ 2,663	\$ 1,177
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 328,920	\$ 328,920
211	Paid in Capital in Excess of Par Value	-	-
215	Retained Earnings	26,855	27,848
218	Proprietary Capital (Sole Props and Partnerships)	-	-
	TOTAL CAPITAL	\$ 355,775	\$ 356,768
	TOTAL LIABILITIES AND CAPITAL	\$ 358,438	\$ 357,945

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 97,873	\$ 92,188
460	Unmetered Water Revenue	-	-
474	Other Water Revenues	-	415
	TOTAL REVENUES	\$ 97,873	\$ 92,603
	OPERATING EXPENSES		
601	Salaries and Wages	29,632	29,632
610	Purchased Water	-	-
615	Purchased Power	7,613	4,307
618	Chemicals	-	-
620	Repairs and Maintenance	5,073	940
621	Office Supplies and Expense	2,474	1,247
630	Outside Services	6,004	16,243
635	Water Testing	815	910
641	Rents	3,600	3,624
650	Transportation Expenses	2,687	2,856
657	Insurance-General Liability	4,105	3,639
659	Insurance-Health and Life	-	-
666	Regulatory Commission Expense - Rate Case	-	-
675	Miscellaneous Expense	-	742
403	Depreciation Expense	14,220	18,360
408	Taxes Other Than Income	2,422	2,446
408.11	Property Taxes	5,877	6,859
409	Income Tax	2,764	229
	TOTAL OPERATING EXPENSES	\$ 87,287	\$ 92,034
	OPERATING INCOME/(LOSS)	10,586	569
	OTHER INCOME/EXPENSE		
419	Interest and Dividend Income	\$ -	\$ 446
421	Non-Utility Income	37	3
426	Miscellaneous Non-Utility Expenses	(25)	(25)
427	Interest Expense	-	-
	TOTAL OTHER INCOME/EXP	\$ 12	\$ 424
	NET INCOME/(LOSS)	\$ 10,598	\$ 993

COMPANY NAME Verde Lee Water Co., Inc.

SUPPLEMENTAL FINANCIAL DATA
Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	N/A			
Source of Loan				
ACC Decision No. 6/9/2000				
Reason for Loan				
Dollar Amount Issued				
Amount Outstanding				
Date of Maturity				
Interest Rate				
Current Year Interest				
Current Year Principle				

Meter Deposit Balance at Test Year End \$ 0 .

Meter Deposits Refunded During the Test Year \$ 0 .

COMPANY NAME Verde Lee Water Co., Inc.

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number	Pump Horsepower	Pump Yield (Gpm)	Casing Size (inches)	Meter Size (inches)
D5-30-10-1	2.5	200+	8	NONE
D5-30-10-2	7.5	150	8	NONE
D5-30-10-3	5.0	30	8	NONE
D5-30-10-4	5.0	18	8	NONE

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
N/A		

TOTAL GALLONS PUMPED (NOT SOLD) THIS YEAR (thous.)= 0 .

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
5	4	None	None

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
125,000	1	2000	1
125,000	1	2500	1
125,000	1		
125,000	1		

COMPANY NAME Verde Lee Water Co., Inc.

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS		
Size (in inches)	Material	Length (in feet)
2		
3		
4	Hvy - PVC	8000
5		
6	Hvy - PVC	30716
8	Hvy - PVC	2100
10		
12		

CUSTOMER METERS	
Size (in inches)	Quantity
5/8 X 3/4	190
3/4	
1	
1 1/2	1
2	
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

N/A

STRUCTURES:

Buildings, Fences, Rock Walls, Warehouse, Dikes, Paving, Metal Racks, Culverts,
Restructure, Gates, Land Improvements

OTHER:

N/A

COMPANY NAME Verde Lee Water Co., Inc.

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2002

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLONS PUMPED (Thousands)
JANUARY	174	1202400	Is 3% per year more than Gallons Sold - for periodic pipe flushing and testing
FEBRUARY	174	1014100	
MARCH	174	1121800	
APRIL	174	1426300	
MAY	174	2527200	
JUNE	175	2777400	
JULY	174	2628200	
AUGUST	174	1775800	
SEPTEMBER	174	1899800	
OCTOBER	174	1325300	
NOVEMBER	174	1004900	
DECEMBER	176	944100	
TOTAL		N/A	

Is the Water Utility located in an ADWR Active Management Area (AMA)?

() Yes (X) No

Does the Company have An ADWR Gallons Per Capita Per Day (GPCPD) requirement?

() Yes (X) No

If yes, provide the GPCPD amount: _____

What is the level of arsenic for each well in your system Well 55623671 - 0.024mg/l
(if more than one well, please list each separately) Well 55623670 - 0.020mg/l

Well 55623672 - 0.014mg/l

Well 55588765 - 0.027mg/l

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME Verde Lee Water Co.

YEAR ENDING 12/31/2004

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2004 was: \$ 6,858.78

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

COMPANY NAME Verde Lee Water Co.

YEAR ENDING 12/31/2004

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>1,142.00</u>
Estimated or Actual Federal Tax Liability	<u>171.00</u>

State Taxable Income Reported	<u>1,222.00</u>
Estimated or Actual State Tax Liability	<u>80.00</u>

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	<u>0</u>
Amount of Gross-Up Tax Collected	<u>0</u>
Total Grossed-Up Contributions/Advances	<u>0</u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

<u>Forrest G. Wilkerson</u>	<u>3-28-05</u>
SIGNATURE	DATE

<u>FORREST G. WILKERSON</u>	<u>OWNER/GENERAL MANAGER</u>
PRINTED NAME	TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

RECEIVED

MAR 30 2005

VERIFICATION

STATE OF _____

I, THE UNDERSIGNED
OF THE _____

COUNTY OF (COUNTY NAME) Graham	
NAME (OWNER OR OFFICIAL) TITLE Forrest G. Wilkerson	General Manager
COMPANY NAME Verde Lee Water Co., Inc.	

AZ Corporation Commission
Director Of Utilities

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH 12	DAY 31	YEAR 2004
-------------	-----------	--------------

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2004 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 98,545.46

(THE AMOUNT IN BOX ABOVE

INCLUDES \$ 5,942.12

IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 28th DAY OF

COUNTY NAME Graham	
MONTH March	2005

Forrest G. Wilkerson
SIGNATURE OF OWNER OR OFFICIAL
1-(928)-428-3190
TELEPHONE NUMBER

OFFICIAL SEAL
TIFFANY E. TURNER
NOTARY PUBLIC - State of Arizona
GRAHAM COUNTY
MY COMMISSION EXPIRES 12/31/2005

Tiffany E. Turner
SIGNATURE OF NOTARY PUBLIC

17, 2005

VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY

RECEIVED

MAR 30 2005

AZ Corporation Commission
Director Of Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) Graham	
NAME (OWNER OR OFFICIAL) Forrest G. Wilkerson	TITLE General Manager
COMPANY NAME Verde Lee Water Co., Inc.	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2004

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2004 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES \$ 98,545.46

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 5,942.12
IN SALES TAXES BILLED, OR COLLECTED)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

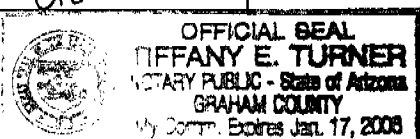
Forrest G. Wilkerson
SIGNATURE OF OWNER OR OFFICIAL
1-(929)-428-3190
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME
A NOTARY PUBLIC IN AND FOR THE COUNTY OF
THIS 28th DAY OF

(SEAL)

MY COMMISSION EXPIRES

Jan. 17, 2005



NOTARY PUBLIC NAME Tiffany E. Turner	
COUNTY NAME Graham	
MONTH March	2005

X *Tiffany E. Turner*
SIGNATURE OF NOTARY PUBLIC